

CollegeCounts 529 Fund

Morningstar Analyst Rating

Bronze

Morningstar Pillars

Process	Positive
Performance	Neutral
People	Positive
Parent	Neutral
Price	Neutral

Analyst Rating Spectrum

Gold	Silver	Bronze	Neutral	Negative
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Analysis by Kailin Liu 2012-10-15

Alabama's direct-sold CollegeCounts 529 plan dresses up more than the typical passive offering.

Although this plan just turned two years old in August, program manager Union Bank & Trust has already made refinements to the asset allocation of its primarily passive investment options. Union Bank worked with plan consultant Wilshire Associates to bump up the international equity and global real estate exposure in the three age-based tracks and four of the six static-allocation options. The most aggressive age-based option has 35% of assets in international equity from ages 0 to 8, rolling down to 11% by age 17. Global real estate exposure can be as high as 7% in the most aggressive portfolios. Wilshire and Union Bank added these asset classes to improve the plan's returns without courting risks common to more-exotic asset classes. However, these changes may cause returns to be more volatile at times. Given that the Aggressive and Moderate tracks already hold more equity than the industry average and roll out of equity later than peers, cautious investors may want to stick to the Conservative track.

In addition to the age-based tracks, the program also features an expansive set of static options from a variety of firms. Investors can choose among six primarily passive static allocation funds, 17 individual funds, and a money market option. The individual fund portfolios include several Vanguard index funds that invest in specific subasset classes such as REITs and Treasury Inflation-Protected Securities. The plan also offers a handful of active offerings from well-regarded firms such as Vanguard, PIMCO, and T. Rowe Price. Sophisticated investors can do a lot with this menu of options.

Plan costs are reasonable, though this is not the cheapest direct-sold plan. The age-based options cost between 0.33% and 0.35%, around double the price of the cheapest indexed age-based option on the market but still competitively priced. The plan is an even better deal for residents, who can claim up to a \$5,000 (\$10,000 for married couples) state income tax deduction and waive the \$12 annual account fee. Nonresidents who intend to use the plan's large menu of single-fund and static options could do well here, but those who intend to stick with age-based options may be better served in their own state or with a cheaper plan.

Web Address	www.collegecounts529.com
Program Manager	Union Bank & Trust Company (Lincoln, NE)
Trustee	Board of Trustees of CollCounts 529 Fund
Advisor Sold	—
Direct Sold	Resident and non-resident
Fee Range (Age-based)	0.33-0.35
Minimum Initial Investment	\$0
Annual State Tax Deduction (per Taxpayer)	Single filing up to \$5,000 Joint filing up to \$10,000

Plan Options

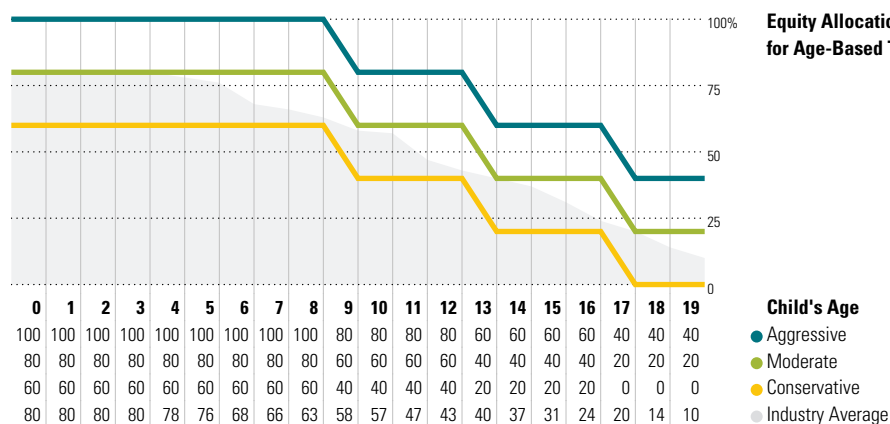
Age-Based Tracks: 3

Static Portfolios/Funds: 24

Issuing State

Alabama

Equity Allocation % for Age-Based Tracks



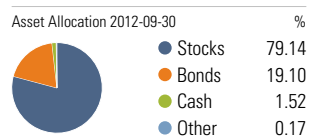
Plan Option Overview 2012-09-30

Option Name	Overall Star Rating	Current Equity %	Total Fees %	Fee Level	YTD		3-Year		5-Year	
					Total Rtn %	Cat Rank %	Total Rtn %	Cat Rank %	Total Rtn %	Cat Rank %
● Aggressive										
AL CollCounts Age-Based Agg 0-8	—	99.19	0.34	- Avg	14.57	21	—	—	—	—
AL CollCounts Age-Based Agg 9-12	—	79.14	0.34	- Avg	12.56	35	—	—	—	—
AL CollCounts Age-Based Agg 13-16	—	59.30	0.33	- Avg	10.54	26	—	—	—	—
AL CollCounts Age-Based Agg 17-20	—	39.69	0.33	- Avg	8.45	33	—	—	—	—
AL CollCounts Age-Based Agg 21+	—	19.76	0.33	- Avg	5.89	14	—	—	—	—
● Moderate										
AL CollCounts Age-Based Mod 0-8	—	79.14	0.34	- Avg	12.56	42	—	—	—	—
AL CollCounts Age-Based Mod 9-12	—	59.30	0.33	- Avg	10.54	41	—	—	—	—
AL CollCounts Age-Based Mod 13-16	—	39.69	0.33	- Avg	8.45	33	—	—	—	—
AL CollCounts Age-Based Mod 17-20	—	19.76	0.33	- Avg	5.89	34	—	—	—	—
AL CollCounts Age-Based Mod 21+	—	0.00	0.34	- Avg	2.10	43	—	—	—	—
● Conservative										
AL CollCounts Age-Based Con 0-8	—	59.30	0.33	- Avg	10.54	28	—	—	—	—
AL CollCounts Age-Based Con 9-12	—	39.69	0.33	- Avg	8.45	27	—	—	—	—
AL CollCounts Age-Based Con 13-16	—	19.76	0.33	- Avg	5.89	34	—	—	—	—
AL CollCounts Age-Based Con 17-20	—	0.00	0.34	- Avg	2.10	92	—	—	—	—
AL CollCounts Age-Based Con 21+	—	0.00	0.35	- Avg	0.03	81	—	—	—	—
AL CollCounts Fund 100	—	99.19	0.34	- Avg	14.57	3	—	—	—	—
AL CollCounts Fund 80	—	79.14	0.34	- Avg	12.56	46	—	—	—	—
AL CollCounts Fund 60	—	59.30	0.33	- Avg	10.54	53	—	—	—	—
AL CollCounts Fund 40	—	39.69	0.33	- Avg	8.45	31	—	—	—	—
AL CollCounts Fund 20	—	19.76	0.33	- Avg	5.89	81	—	—	—	—
AL CollCounts Vanguard 500 Index	—	99.45	0.32	- Avg	16.07	13	—	—	—	—
AL CollCounts Fixed Income	—	0.00	0.34	- Avg	2.10	97	—	—	—	—
AL CollCounts PIMCO Total Return	—	0.00	0.72	+ Avg	8.82	21	—	—	—	—

Current Equity % is as-of the most recent portfolio date available. For Category Rank %, 1 = highest rank, 100 = lowest rank.

Moderate Highlights 2012-09-30

AL CollCounts Age-Based Mod 0-8

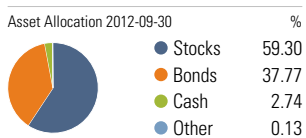


Top Asset Managers	%
Vanguard	100.00

529 Category
Age 0-6 Medium Equity

Return vs Category	—
Risk vs Category	—

AL CollCounts Age-Based Mod 9-12

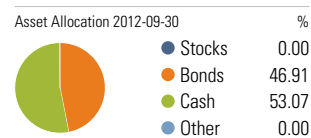


Top Asset Managers	%
Vanguard	100.00

529 Category
Age 7-12 Medium Equity

Return vs Category	—
Risk vs Category	—

AL CollCounts Age-Based Mod 21+



Top Asset Managers	%
Vanguard	100.00

529 Category
Age 19+ Low Equity

Return vs Category	—
Risk vs Category	—